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Tom Murphy T20080022903
Westmoreland County RecorderP



I hereby CERTIFY
that this document is
recorded in the
RECORDER'S OFFICE
of Westmoreland County
Pennsylvania

Tom Murphy
Tom Murphy, Recorder of Deeds

NON-SURFACE DEVELOPMENT OIL & GAS LEASE

THIS LEASE, made this 25 day of March, 2008, by and between

Dennis J. Lukatch and Kimberly A. Lukatch, husband and wife,

of 897 Bethel Church Road, Latrobe PA, 15650

hereinafter called Lessor, and and **REX ENERGY I, LLC** of 400 Southpointe Plaza One, Suite 410, Canonsburg, PA 15317, hereinafter called Lessee, do agree:

1. Lessor, for consideration of one dollar (\$1.00) in hand paid by Lessee, the receipt of which is hereby acknowledged, grants to Lessee all the oil and gas in the lands described below, with the exclusive right to explore by geophysical, seismic, and other methods, operate for, produce and market same from a well or wells on other lands; and the right to unitize Lessor's lands, or any portion, or strata, with other lands into a drilling unit of no more than six hundred forty acres. This Lease shall be for a period of Five (5) years, and as long thereafter as operations are being conducted on any such unit or oil or gas can be produced in paying quantities in Lessee's judgment from any such unit. This lease covers all of Lessor's land in and adjoining Section/Lot of Cook Township, Westmoreland County, Pennsylvania, containing 3 acres, more or less, further identified as Tax Map I.D. No. 44-06-00-0-215, and bounded substantially, now or formerly, as follows:

North by Wilson

East by Stahl

South by Winger

West by Springer

, and being the property described in Deed Volume(s) 3435, Page(s) 629.

2. Lessor shall be paid as royalties a proportional share of one-eighth (1/8) of "Proceeds Realized" by Lessee on all the oil and gas produced and marketed from each well drilled and unitized, as the amount of the Lessor's acreage in the unit bears to total acreage in the unit, the same to be paid by the end of the next month following Lessee's receipt of payment for same, less any tax imposed by any government body, including but not limited to the severance tax. "Proceeds Realized" shall mean the price received by Lessee for oil and gas marketed and sold at the delivery point less any charges for transportation, dehydration, compression and marketing paid by Lessee to deliver the oil and gas for sale.

3. No well shall be drilled on Lessor's property, nor shall Lessee enter upon or install any installation of any nature whatsoever on the leased property. The within Lease being granted for the purpose of permitting Lessee to unitize the leased property with other properties, which other properties shall bear all the burden of surface development. Lessor understands and gives consent that, due to slant (directional) drilling originating from surface entry on a parcel not owned by Lessor, the wellbore may pass through or terminate below the surface of Lessor's property.

4. This lease, however, shall become null and void and all rights of either party hereunder shall cease and terminate unless, within twelve months from the date hereof, a well shall be commenced on other lands unitized with the herein described leased premises, or unless the Lessee shall thereafter pay a delay rental of Forty-five Dollars (\$45) each year, payments to be made annually until the commencement of a well. A well shall be deemed commenced when preparations for drilling have been commenced. It is stipulated that this lease shall not terminate for nonpayment of delay rentals unless Lessor first gives Lessee sixty (60) days written notice by registered mail of such nonpayment, and Lessee fails to tender such payment to Lessor within said sixty (60) day period.

5. This Lease shall be binding on all heirs, successors and assigns of Lessor and Lessee. If the leased land is hereinafter owned in separate tracts, the premises, nevertheless, shall be treated as an entirety and all payments due shall be paid proportionally (on an acreage basis) to each separate owner, and if Lessor owns less than the entire fee, Lessor shall be paid only his proportional share of any payment due. Lessee may at any time assign or surrender this Lease in whole or in part.

6. No change of ownership in the leased premises or in the rentals or royalties hereunder shall be binding on Lessee until after notice to the Lessee either by delivery of notice in writing duly signed by the parties to the instrument of conveyance or assignment and delivery of such original instrument or a duly certified copy thereof to the Lessee.

7. In the event Lessor considers Lessee has not complied with its expressed or implied obligations hereunder, Lessor shall notify Lessee in writing indicating specifically what Lessee allegedly has breached. Lessee shall have 30 days after receipt of said notice to meet or commence to meet any part of the breached alleged by Lessor. Lessor shall not bring any action against Lessee until after 30 days after service of such notice on Lessee.

8. Lessor hereby warrants and agrees to defend title to the land herein described and agrees that Lessee, at its option, may pay and discharge any taxes, mortgages, or other liens existing, levied or assessed on or against the said lands and, in the event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself for any payments due hereunder.

Signatures of Witnesses:

Witness:

Witness:

Signatures of Lessor(s):

Dennis J. Lukatch

Kimberly A. Lukatch

LESSEE: **REX ENERGY I, LLC**

By: Michael S. Carlson

Its: Vice President of Operations

Lisa Marie Quania

INDIVIDUAL ACKNOWLEDGMENT

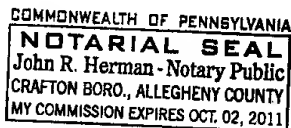
COMMONWEALTH/STATE OF Pennsylvania
COUNTY OF WESTMORELAND) SS:

On this, the 25th day of MARCH, 2008, before me John R. Herman, the undersigned officer, personally appeared Dennis J. Lukatch & Kimberly A. Lukatch his WIFE, known to me (or satisfactorily proven) to be the person whose name(s) is/are subscribed to the within instrument, and acknowledged that he/she/they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires: OCTOBER 2, 2011

John R. Herman
Notary Public



CORPORATE ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA)
COUNTY OF Washington) ss:

On the 23rd day of April, 2008, before me, personally came Thomas F. Shields to me know, who, being by me duly sworn, did depose and say that he is the Vice President of Operations of REX ENERGY I, LLC, a corporation, and that he as such President being authorized to do so, executed the foregoing instrument for the purposes therein contained on behalf of the corporation.

Witness the hand and official seal of the undersigned this the day and year first in this certificate above written.

Lisa Marie Anania
Notary Public

My Commission Expires: 4/8/2011

This Instrument Prepared by: **REX ENERGY I, LLC.**
400 Southpointe Blvd., Suite 410, Canonsburg, PA, 15317

